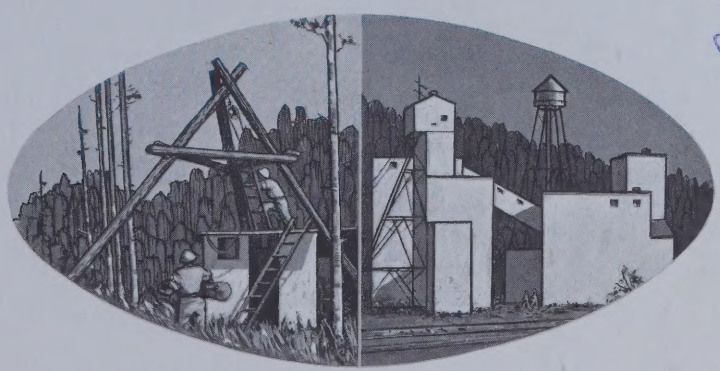
AR47

RENABIE MINES LIMITED

25th ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 1965

ASSOCIATE LITTLE LONG LAC GOLD MINES LIMITED



Twenty-Fifth Annual Report

RENABIE MINES LIMITED

Year Ended December 31, 1965

HEAD OFFICE:
Suite 400, 112 King Street West,
Toronto 1, Ontario.

MINE OFFICE:
Renabie, Ontario.

OFFICERS:

JOHN D. BRYCE, *President*
Toronto, Ontario.

J. GEORGE BOECKH, *Vice-President*
Toronto, Ontario.

B. A. ARGO, *Secretary-Treasurer*
Toronto, Ontario.

DIRECTORS:

JOHN C. L. ALLEN	Toronto, Ontario
B. A. ARGO	Toronto, Ontario
J. GEORGE BOECKH	Toronto, Ontario
J. D. BRYCE	Toronto, Ontario
P. K. HANLEY	Toronto, Ontario
C. C. HUSTON	Toronto, Ontario
ROBERT C. STANLEY, JR.	New York, N.Y.

W. A. MOORE, *Mine Manager*
Renabie, Ontario.

TRANSFER AGENT AND REGISTRAR:
EASTERN & CHARTERED TRUST COMPANY
Toronto, Ontario.

AUDITORS:
GUNN, ROBERTS AND CO.,
Toronto, Ontario.

ANNUAL MEETING:
May 27th, 1966, 10:00 A.M., Toronto Time,
Boardroom, Suite 400, 112 King Street West, Toronto.

PRESIDENT'S REPORT

April 7th, 1966.

To the Shareholders,
RENABIE MINES LIMITED.

We present herewith the Twenty-fifth Annual Report of your Company, for the year ended December 31st, 1965, together with accompanying Financial Statements and Reports of your Auditors thereon.

During the period, the mill treated 165,018 tons of ore, approximately 4% less than in 1964, from which was recovered bullion having a gross value of $1,430,817., to which may be added the estimated amount receivable under the Provisions of The Emergency Gold Mining Assistance Act of $224,358., making the total income derived from the operation $1,655,175. as compared to $1,561,430. in 1964.

Operating costs were $1,424,395., approximately $55,000. below those in 1964, despite a 10¢ per hour wage increase. The Company continued to suffer from an acute shortage of labour, with a resultant loss in over-all efficiency and lower tonnage treated. The Company in cooperation with the Provincial Department of Labour and the Federal Department of Manpower is instituting an On-the-Job Training Program to try to overcome some of the labour shortages in certain trades. We still believe the only effective solution to the problem is for the Government to ease its restrictive immigration policy.

The cash flow position of the Company increased to $320,165. from $226,506. in 1964, and the net profit increased from $18,865. in 1964 to $151,826. in 1965.

During the year, more ore was prepared for mining than in previous years. A further 25,000 tons of low-grade ore was withdrawn from ore reserve, thus bringing the total low-grade ore withdrawn from reserves in the past two years to 104,000 tons. Despite this policy, ore reserves increased from 245,000 tons to 282,000 tons.

During the year, it was decided to deepen the shaft to provide four more working levels. This work is still in progress.

Two dividends of 10¢ each were paid during the year, amounting to $210,000., which brings the total amount of dividends disbursed since commencement to $953,009. ($1.86 per share).

The report of your Mine Manager contains a review of the operations for the year, and we are glad to take this opportunity of expressing our appreciation of the excellent manner in which Mr. Moore and his staff have conducted their operations under such adverse circumstances.

On behalf of the Board,

JOHN D. BRYCE,
President.

MANAGER'S REPORT

February 8th, 1966.

Mr. John D. Bryce, President,
and Directors,
Renabie Mines Limited,
Toronto, Ontario.

Gentlemen:

I submit for your consideration a report on operations at Renabie Mines Limited for the year ended December 31st, 1965:

Production: The following figures show the production for 1965, with comparable figures for 1964 and 1963:

	1965	1964	1963
Gross Recovery	$1,430,817.42	$1,222,728.05	$1,313,018.18
Tons Milled	165,018	171,830	182,552
Recovery per Ton	$8.671	$7.116	$7.19

The average Mint Settlement value per ounce of gold was $37.75, compared with $37.76 in 1964. The average price received for silver was $1.39 per ounce. Under the provision of The Emergency Gold Mining Assistance Act, it is estimated that the company is entitled to receive $224,357.54 for the year, which is $1.36 per ton milled, or $6.00 per ounce recovered, compared to $338,702.44 for 1964.

Milling: The average tons milled per day in 1965 was 452.1 as compared to 469.6 in 1964. Bullion recovery comprised 37,421.44 ounces of gold, and 13,163.22 ounces of silver.

From the commencement of milling operations (July, 1947) 2,989,085 tons of ore have been milled, from which has been recovered 620,041.09 ounces of gold and 194,368.66 ounces of silver, having a gross recovered value of $22,516,076.78, equivalent to $7.53 per ton milled, exclusive of cost-aid.

There were no changes in the mill circuit during the year. The recovery decreased from 95.5% in 1964 to 93.8% in 1965. Part of the trouble was due to the difficulty of obtaining a consistently fine grind, when constantly breaking in new grinding operators. It is hoped that some controls will be installed in 1966 to ensure a more uniform grinding product.

The over-all milling cost per ton increased to $2.08 from $1.97 in 1964.

Development: During the year, we developed and prepared for mining all the ore on the 2325 level and some of the ore on the 2475 level. The main crosscut on the 2625 level was started to the South toward the ore.

The grade and volume of ore on the lower levels continues to improve. The mill heads in January, 1965 were 0.19 ounces of gold per ton and in December were 0.30 ounces per ton, as we gradually drew more ore from the 2325 and 2475 levels. A total of 222,000 tons of ore was prepared for mining in 1965, compared to 127,000 tons in 1964.

The total ore reserves increased to 282,376 tons with a grade of 0.26 ounces of gold per ton, as compared to 245,324 tons of 0.28 ounces per ton in 1964.

In August, shaft contractors started to deepen our main shaft from the 2805 level to the 3455 level, to permit us to develop four new levels.

A new ventilation system together with a larger fan was put into operation during the year. This system doubled the amount of fresh air being brought to the lower levels and improved working conditions everywhere underground.

A new 3½ ton battery locomotive and a new type loader permitted us to haul trains of six cars as against two cars with the smaller locomotives. Our mucking performance improved from 24.7 tons per man shift to 27.1 tons per man shift.

	1965	1964	Total to Date
Drifting	3,042.5	2,821.0	41,250.2
Crosscutting	457.0	1,847.5	20,430.8
Raising	1,828.3	1,108.0	26,436.7
Shaft Sinking	441.0	0	3,697.5
Station Cutting (Shaft Equivalent)	205.6	0	2,098.5
Diamond Drilling	20,004.0	27,356.0	272,101.0

Ore Reserves: 25,000 tons of low grade ore in the 21 'K' Stope was withdrawn from the ore reserves. The technical position of ore reserves at the year end, after allowing for dilution and without including any ore below the 2475 level was as follows:

	Tons	Ounces Per Ton	Value $35.00 Gold
Unbroken ore	222,308	0.25	$ 8.75
Broken ore	60,068	0.29	10.15
	282,376	0.26	$ 9.10

Operating Costs: The operating and other costs per ton and per ounce of gold recovered were as follows:

	1965		1964	
	Tons Milled	Ozs. Recovered	Tons Milled	Ozs. Recovered
	165,018	37,421.44	171,830	32,034.85
	Per Ton	Per Oz.	Per Ton	Per Oz.
Development and Exploration	$ 2.33	$ 10.27	$ 2.35	$ 12.61
Mining	3.34	14.74	3.49	18.73
Milling	2.08	9.18	1.97	10.58
Undistributed Operating Charges, including Administration and Head Office	.82	3.60	.79	4.21
Operating Costs	$ 8.57	$ 37.79	$ 8.60	$ 46.13
Depreciation	.60	2.62	.52	2.81
Provision for all taxes	.06	.27	.01	.04
	$ 9.23	$ 40.68	$ 9.13	$ 48.98

Capital Expenditures for 1965, amounted to $128,035.30 and briefly summarized, were as follows:

Underground Equipment	$38,496.62
New Bunkhouse	$32,813.38
Alterations to the Change House	$34,797.19
Miscellaneous	$21,928.11

Safety: In spite of the abnormally high labour turnover, the Supervisors by dint of hard work, reduced the number of compensable accidents, from 25 in 1964 to 8 in 1965.

There were 405 hirings and 414 separations in 1965, compared to 337 hirings and 347 separations in 1964. The total work force was approximately 190 men.

Wages increased 10% during the year.

The Company cooperated with the Government in utilizing the services of the National Employment Service but found that the men hired through the N.E.S. remained with the Company an average of 17 days, whereas the men hired by the Company through newspaper advertisements, and other means, remained on the job an average of three months.

In an endeavour to improve the living conditions for the single men, and the working conditions for all men, the Company built a new bunkhouse of excellent quality and comfort, and, at considerable expense, completely remodeled the Change House or Mine Dry, adding an extra floor for a locker room and installing linoleum floors, new showers, ventilating fans and other conveniences.

General: The shortage of labour affected the whole operation, and had a bearing on all decisions made and results obtained.

I should like to thank the Officers of the Company for their support during the past year, and my special praise and gratitude goes out to each member of The Mine Staff and Employees for their cooperation and assistance during a most trying year

Respectfully submitted,

RENABIE MINES LIMITED,

W. A. MOORE,
Manager.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Renabie Mines Limited as at December 31, 1965 and the statements of income and retained earnings for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and statements of income and retained earnings present fairly the financial position of the company as at December 31, 1965 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

We have also examined the accompanying statement of source and application of funds for the year ended December 31, 1965. In our opinion the statement presents fairly the sources and applications of funds for the year.

GUNN, ROBERTS AND CO.,
Chartered Accountants.

Toronto, Canada,
January 27, 1966.

RENABIE M

(Incorporated under the la

Balance Sheet -

ASSETS

		1964 for Comparison
CURRENT ASSETS		
Cash	$ 8,320	$ 11,242
Trust company short term deposits	—	121,000
Bullion at net realizable value	135,209	105,519
Accounts receivable	6,126	2,089
Amount receivable under the Emergency Gold Mining Assistance Act	111,153	130,520
Prepaid expenses	19,223	12,156
	280,031	382,526
SUPPLIES at average cost	252,730	238,715
INTEREST IN OTHER COMPANIES		
Loan to associated company	400,000	400,000
Shares in associated company at cost	60,263	60,263
	460,263	460,263
FIXED ASSETS at cost		
Buildings, machinery and equipment	2,974,940	2,851,208
Less accumulated depreciation	2,548,620	2,454,924
	426,320	396,284
Mining properties	77,112	77,112
	503,432	473,396
OTHER ASSETS AND DEFERRED CHARGES		
Interest in prospecting syndicate at cost	1,000	—
Shaft sinking and other expenditures less amounts written off	130,243	70,339
Operating expenditures deferred	8,759	13,159
	140,002	83,498
	$1,636,458	$1,638,398

NES LIMITED

the Province of Ontario)

ecember 31, 1965

LIABILITIES

		1964 for Comparison
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 171,223	$ 128,996
Payable to parent and associated companies	12,167	—
Ontario mining tax	1,841	—
	185,231	128,996
SHAREHOLDERS' EQUITY		
Capital stock		
Authorized — 1,500,000 shares of $1 each		
Issued — 1,050,005 shares	1,050,005	1,050,005
Less discount on shares	620,455	620,455
	429,550	429,550
Retained earnings	1,021,677	1,079,852
	1,451,227	1,509,402
	$1,636,458	$1,638,398

Approved on behalf of the Board:

J. D. BRYCE, Director.

J. C. L. ALLEN, Director.

STATEMENT OF INCOME

For the year ended December 31, 1965

		1964 for Comparison
OPERATING REVENUE		
Bullion recovery	$1,430,817	$1,222,728
Assistance under the Emergency Gold Mining Assistance Act	224,358	338,702
	1,655,175	1,561,430
OPERATING EXPENSES		
Mine development (note 2)	336,490	352,657
Mining	482,866	523,957
Milling	289,561	286,828
Marketing expenses	11,221	8,995
Mine office and supervision	80,324	79,039
General expenses at the property	182,206	196,029
Administrative and corporate expenses	37,505	38,721
Ontario mining tax	1,800	(5,900)
	1,421,973	1,480,326
Operating profit before depreciation	233,202	81,104
DEDUCT:		
Depreciation	98,000	90,000
Outside exploration	240	14,103
	98,240	104,103
	134,962	(22,999)
Interest received	16,864	41,864
Net income for the year	$ 151,826	$ 18,865

NOTES:

1. The remuneration of directors, as such, was $7,200 in 1965 ($7,200 in 1964).
2. Mine development expenses includes deferred development write-offs of $135,461 in 1965 ($114,011 in 1964)

STATEMENT OF RETAINED EARNINGS

For the year ended December 31, 1965

		1964 for Comparison
Balance January 1	$1,079,852	$1,270,988
Net income for the year	151,826	18,865
	1,231,678	1,289,853
Deduct dividends paid	210,001	210,001
Balance December 31	$1,021,677	$1,079,852

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the year ended December 31, 1965

SOURCE		
Net income for the year	$ 151,826	$ 18,866
Add back depreciation and other non-cash items	168,339	205,176
Funds provided from operations	320,165	224,042
Sale of fixed assets	—	2,464
Decrease in working capital	158,730	42,242
	$ 478,895	$ 268,748
APPLICATION		
Shaft sinking and other expenditures deferred	$ 130,243	$ —
Additions to fixed assets	128,036	54,399
Dividends paid	210,001	210,001
Other items, net	10,615	4,348
	$ 478,895	$ 268,748

WORKING CAPITAL (current assets less current liabilities)

At January 1, 1965	$ 253,530
At December 31, 1965	94,800
Decrease during the year	$ 158,730

Printed in Can